

Date: September 20, 2011

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Interim Director
Department of Community Development
Subject: Contract Extension for AmeriNational Community Services, Inc.
For Mortgage Loan Servicing

Executive Summary

The City of Durham has contracted with AmeriNational Community Services, Inc. (ACS) to provide mortgage loan servicing for the City's 800+ community development loans. The agreement expires October 31, 2011. The annual amount paid to AmeriNational is approximately \$90,000.00.

The Department of Community Development (DCD) wishes to extend this contract for twelve (12) months to give staff time to refine an RFP for loan servicing. AmeriNational has provided satisfactory services during the term of the agreement. Staff will use the extra time afforded by the extension to thoroughly examine the current loan portfolio requirements to determine best practices going forward for more efficient management of the portfolio.

Recommendation

The DCD recommends that the City Council:

1. Approve extending the term of the ACS agreement twelve (12) months, ending October 31, 2012.
2. Authorize the expenditure of an amount not to exceed \$90,000.00 beyond the original agreement amount.

Background

ACS was selected in 2004 to service the City's 800+ community development loans. Since that time, the City has worked closely with ACS to transfer files from the previous servicing agency, reconcile City records and maintain timely collection of funds.

Issues and Analysis

The extension of the ACS agreement is consistent with and supportive of the Council's priority to effectively maintain the loan portfolio. Effective maintenance of the portfolio is crucial as many of the programs offered through the DCD are funded by program income and entitlement grants.

Alternatives

The Council may elect not to authorize the extension of this agreement, in which case the City would start the RFP process immediately. However, this is not recommended.

Financial Impact

This development will have no impact on the City's General Fund. Existing bond program income will fund the extension for an additional amount not to exceed \$90,000.00.

SDBE Summary

This is a contract extension. A compliance review was not conducted by the Department of Equal Opportunity/Equity Assurance to determine compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

Attachments

Estimated Loan Servicing Fees worksheet

**Contract #5009, Amendment #1
Estimated Loan Servicing Fees**

Amortized loans (Includes Credit Reporting)			8.50
DFU- on Amortized loans (Delinquency management)			3.20
(Actual Fee per amortized loan)			\$11.70
Bankruptcy monitoring - actual fee			\$7.00
Deferred Developer loans - actual fee			\$2.50
	Number of amortized loans	Number of deferred loans	
Project 1099 - Home funded	1		11.70
Project 1099 - Home funded		83	207.50
Project 1269 - Bond Developer loans	17	13	231.40
Project 1270 - CDBG Developer loans	4	2	51.80
Project 1271 - HOME Developer loans	34	10	422.80
Project 1292 - General Fund		2	5.00
Project 725 - Bond FTHB	102		1,193.40
Project 726 - Bond FTHB	212		2,480.40
Project 647 - CDBG FTHB	43		503.10
Project 646 - HOME FTHB	153		1,790.10
Project 808 - Economic Development loans (Deferred loan with escrow)	1		8.50
Project 809 - Economic Development loans	3		35.10
Monthly fee for amortized loans and deferred developer loans			\$6,940.80
Monthly fee for bankruptcy monitoring	21		\$147.00
Total Monthly Fee			\$7,087.80
Estimated Yearly Fee			\$85,053.60
Setup fees for new loans - actual fee	15.00		
Tax monitoring for new loans (Developer) - actual fee	75.00		
New Developer Loans - (10) <i>Estimate only</i>			900.00
New FTHB loans - (20) <i>Estimate only</i>			300.00
Estimated Total for Future Setups			\$1,200.00
Estimated Yearly Fee for Contract Renewal			\$86,253.60